Best Practices in Addressing Agricultural Market Access: The Case for an Indo-Pacific Diversification Office

The following report outlines the case for increased regional support, building on Canadian agricultural export diversification and competitiveness through the development of a Canadian Indo-Pacific Diversification Office.

This report was jointly commissioned by Canola Council of Canada, Cereals Canada and Pulse Canada with a view towards informing strategic discussions and dialogue among industry and government. It underscores the rationale for the development of an Indo-Pacific Diversification Office within Canada's emerging Indo Pacific Strategy and provides an in-depth assessment of relevant approaches and strategic considerations.

Among the report's findings, government-to-government engagement, regulatory and technical capacity building, and diplomacy are identified as important areas of opportunity in responding to agricultural market access issues in the region. Recognizing the complexity and multi-disciplinary nature of the diverse approaches needed to proactively address and resolve market access issues, an in-region centre of excellence is identified as a key priority that would strengthen Canada's position in the region. This reaffirms the need for an Indo-Pacific Diversification Office that is a focal point for proactive and collaborative approaches and that builds on Canada's capacity to improve the regional trade environment for the benefit of Canadian agriculture exports.

Beyond government capacity in the region, the report also emphasizes the critical role of industry relationships as an avenue to improve Canada's footing in resolving trade barriers. For agricultural value-chain associations, relationships are enhanced by AgriMarketing program support, which enables critical activities sustaining market development, market access and industry-to-industry advocacy. In the context of the Next Policy Framework renewal, the report emphasizes a key takeaway that the Canadian government must invest in enhancing the AgriMarketing program to strengthen Canadian engagement in the region and keep pace with competitors.

Alongside these strategic recommendations, the report also offers insights that can help inform the design of the Indo-Pacific Diversification Office, including an evaluation of potential business models and locations.

We are hopeful the report's deep insights and strategic findings will offer valuable input to support the Government of Canada in advancing a focus for agriculture under the emerging Indo-Pacific Strategy.

Sincerely,

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AGRICULTURAL STRATEGY FOR INDO-PACIFIC

Best Practices in Addressing Agricultural Trade Barriers: **The Case for Increased Regional Support**

EXECUTIVE SUMMARY

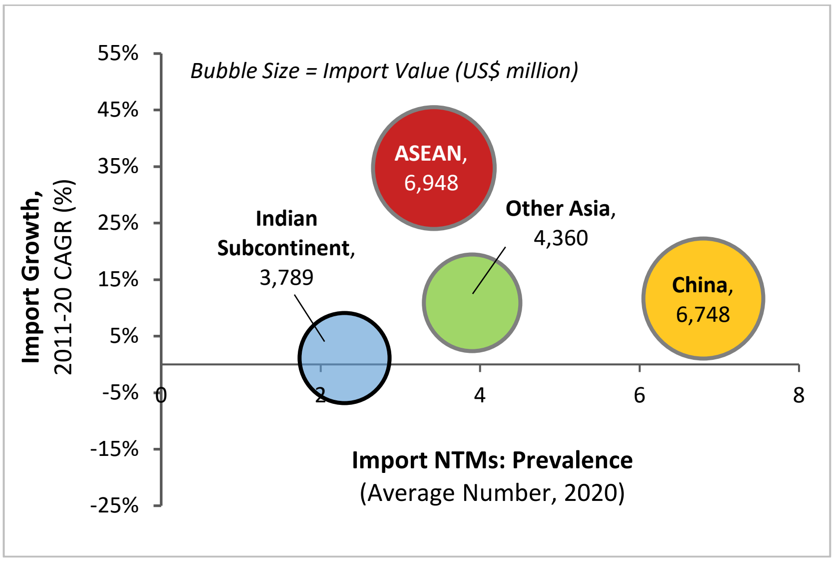
PART 1

Market Dynamics

Import demand and growth trends

The intersection of positive demographic and income growth trends in developing Asia has galvanized market interest in the Indo-Pacific. Among Asia's main sub-regions, each of which is approximately equal in magnitude, optimism is perhaps greatest for the opportunities presented by ASEAN's markets, notably Indonesia, Vietnam and the Philippines. The longer-term outlook for India is also sanguine, despite the country's self-reliance initiative and relatively slow import growth over the past decade. China will continue to dominate regional import demand for canola and pulses for the foreseeable future.

Indo-Pacific Agricultural Import Market Constellation (2010-2020)



Other Asia = Taiwan, S. Korea, Japan, Hong Kong.
Source: UN Comtrade, ITC Trade Map (import value), WTO (NTM prevalence-all products).

Tracking NTBs in the Indo-Pacific

Indo-Pacific market dynamics have shifted over the past five years. Protectionism is on the rise as part of a drift toward economic nationalism—including a push for greater self-sufficiency and local value-add in key crops and downstream industries. Against this background, NTBs are increasingly being used to modulate imports, even as bilateral and multilateral Free Trade Agreements (FTAs) transform the competitive landscape.

The available evidence on trade barriers in the Indo-Pacific suggests that China, India, and Indonesia are the more problematic markets. Anecdotally, India has an unenviable reputation for being an extremely challenging market access prospect in many product categories. It is not alone. Several larger crop importing countries and high growth economies have significant market access challenges. Vietnam's zero-pest tolerance remains an issue, and "Indonesia is particularly complicated, with many non-tariff measure (NTM) issues arising each week," according to an E.U. Delegation to ASEAN.

Trends in Indo-Pacific Market Access

The various agri-trading stakeholders—including trading houses, industry associations and government agencies—highlighted several regional market access trends reshaping the business environment.

○ **NTBs—the new trade impediment of choice**
As regional FTAs become more prevalent, NTBs are fast becoming the preferred instrument to restrict trade, often indiscriminately.

○ **Local authorities are imposing their own NTBs**
Complicating market access in some of the large markets is the use of NTBs by regional governments.

○ **Autarkic tendencies are on the rise**
Whether realistic or not, the impetus for national economic self-sufficiency and independence will present barriers and opportunities.

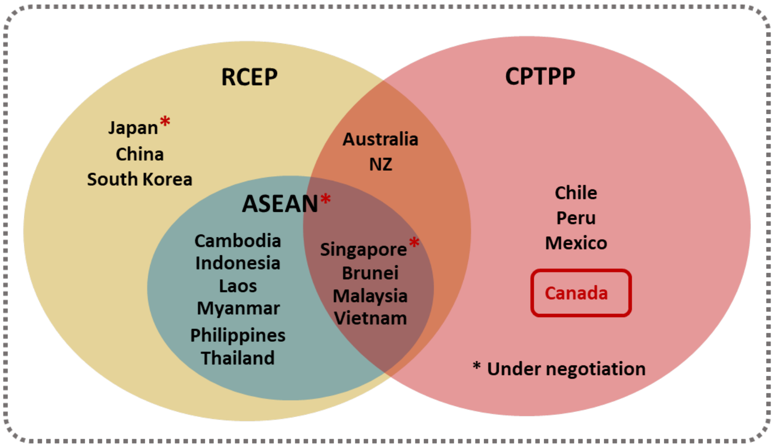
○ **The pursuit of local value-add**
Following China's successful lead, several Asian markets have been encouraging investment in the local processing of crops.

○ **An enduring lack of technical capacity**
Developing countries such as Indonesia and Pakistan still lack the technical capacity to understand and adopt international best practices. Integrating these best practices into the local import ecosystem is yet another challenge.

○ **Growing use of national standards**
There appears to be a growing trend for the adoption of local certifications on standards (scientific and technical standards, tolerance for residue levels, organic standards, etc.), with unintended adverse consequences for trade.

○ **Continued push for FTAs**
Free trade agreements, especially those involving Canada or its crop exporting rivals, have the potential to divert trade. However, they may also provide a forum for resolving NTBs.

Canada's Free Trade Agreements in the Indo-Pacific



BILATERAL INDO-PACIFIC FTAs
Australia: ASEAN, NZ, Singapore, Thailand, Malaysia, S.Korea, Japan, China, HK, Indonesia
EU: China, NZ, Japan, Singapore, Vietnam.
USA: South Korea, Singapore
Canada: South Korea
Sources: DFAT, European Commission, USTR.

❽ China's buyer dominance

China has come to dominate the supply and pricing of many agricultural commodities due to its overwhelming buying power.

❾ Plant-based protein

The ongoing trend in consumer demand for healthier foods and government food security concerns will drive a plant-based protein shift in the Indo-Pacific. As a result, many regional trading houses are becoming, or will soon become, importers of plant-based protein.

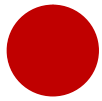
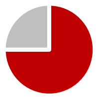
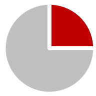
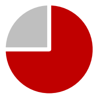
❿ Fallout from the War in Ukraine

Black Sea exporters, which contribute 31% of global wheat exports, generally do not have access to the North Asia markets. But they do sell into the S.E. Asian feed markets, and more recently, they have accessed the milling market. The S.E. Asian feed market may turn to corn to replace the Black Sea exports resulting in elevated prices for various substitute crops.

PART 2 Best Practices in Addressing Agri-Food NTBs in the Indo-Pacific

There are no simple solutions to tackling the wide variety of market access issues across the diverse grouping of Indo-Pacific economies. Industry engagement, including through industry associations, should always be backed by government diplomacy. Industry expertise can be

highly effective when precisely targeted, but the support of Canada's excellent trade commissioner service will remain essential.

Assessment of Best Practice Categories	
Practice	Importance
G2G Engagement (high-level) *Hit and miss*	
Relationship Building w/Business *Highly effective*	
Regulatory/technical capacity building *An important differentiator*	
Soft diplomacy (untied aid) *Important but hard to assess*	
Relationship Building w/Government *Essential, albeit challenging*	

Note: Includes regional and single market perspectives; the ranking will vary by country and product category.

Relationship building – with business

Most agri-trade stakeholders believe that developing close and enduring business relationships with traders, importers, import associations, distributors, and port operators is the most effective tactic for addressing NTBs in the Indo-Pacific. Business relationships usually start with a test transaction to build trust in Western business culture. Asians prefer to build trust first, then start transacting. Both approaches have the same goal: a cordial, profitable relationship. To this end, importers, relevant associations, distributors and even end-users can all be usefully engaged to become allies in Canadian export advocacy. B2B relationship-building is where government and industry should lift their engagement. Such dialogue is a 'long game', and resource allocation should be careful and deliberate—by country and by stakeholder.

Government-to-Government engagement

Government-to-government (G2G) engagement is essential in a variety of contexts. For policy issues, the more senior the level of engagement, the better, as the G2G agenda narrows the higher up the hierarchy, and high-level government engagement can push trade access issues up the policy agenda. FTAs are effective in dismantling behind-the-border NTBs, and Canada should emulate the E.U.'s and Australia's successful pursuit of Indo-Pacific trade pacts. Carefully managed high-level trade missions can also be effective but should be frequent and with the necessary follow-up.

Regulatory and technical capacity building

Most agri-food exporters and traders agree that there is still a significant need for building regulatory and technical capacity in the Indo-Pacific. The resulting market access barriers are often due to the importing country's lack of resources, time, and expertise to implement a risk assessment system for incoming commodities. Most notably, emerging Indo-Pacific economies could benefit from training in risk-based (versus hazard-based) regulation. Technical capacity building can come in multiple guises: visits to production sites, labs, and research stations; engaging with eminent academics and their institutions; market studies (e.g., on the detrimental economic impact of technical barriers on downstream value-add and export industries); virtual or in-person workshops and seminars; and programs embedded in trade facilitation international development assistance. Competitor nations have prioritized this aspect of market opening support by stationing technical personnel and regulatory policy experts in-market to assist in building capacity regionally and championing science-based regulatory approaches. While some Indo-Pacific countries will be more receptive than others, Canada could do more to meet this challenge.

Relationship building – with Government

It is essential to develop good personal and institutional working relationships with key officials in the relevant government departments. Regrettably, the most influential officials in the larger Indo-Pacific countries are being simultaneously wooed by many other interested parties. This is a challenge for a 'middle power' like Canada, which has reportedly struggled to maintain its position in the international pecking order. The keys to relationship building with relevant and influential individuals and government agencies are the sustained in-region presence of personnel with scientific/technical backgrounds and developing a renowned centre of excellence to differentiate Canada from its competitors.

Soft diplomacy and international development assistance

The market opening impact of soft diplomacy and international development assistance is generally positive. It is also long-term in nature and difficult to assess. Canadian organizations should nonetheless exploit any opportunity to reinforce Canada’s high ranking for soft power and align with Canada’s broader Indo-Pacific priorities for international development assistance, including trade facilitation programs. See Part 3 – Competitive Dynamics for profiles of USAID, GIZ and others their trade facilitation support.

Other best practices

The various agri-food market access stakeholders suggested several other best practices.

○ **Canadian company involvement**

Canada's federal and provincial governments will continue to take the lead in addressing market access issues. However, industry partners

also have a role to play in facilitating the process and by sharing expertise and market intelligence.

○ **Collaboration among major crop exporters**
Due to its tropical climate, the countries of S.E. Asia do not produce wheat. But they still have some protective policies on grains, primarily feed grains. Therefore, there is an opportunity for the leading milling wheat exporters to coordinate a response. In addition, it may be helpful to have a strong forum / global association where wheat exporters can come together and discuss common trade issues.

○ **Agronomy research**
Trade restrictions in the Indo-Pacific can often arise due to spurious scientific premises. Assuming there is no political motivation, an effective tactic may be to politely provide reality checks (e.g., via research studies) for receptive Indo-Pacific governments, where the rationale for a particular barrier is based on erroneous science.

○ **Agri-food cluster collaboration**
The Netherlands has created strong national awareness and branding through its Food Valley cluster initiative, an agri-food ecosystem that facilitates cooperation between companies, industry associations, academia, and government.

○ **Permanence and consistency**
Almost all agri-food market access stakeholders reiterated the importance of striving for market permanence: “you *can't just visit once; consistency is what counts when it comes to building relationships."*

○ **Win-win solutions**
Although a cliché, the need for mutual benefit is worth emphasizing. For example, if Malaysia wants to become a halal agri-food export powerhouse, work to show how Canadian canola or wheat can support this objective.

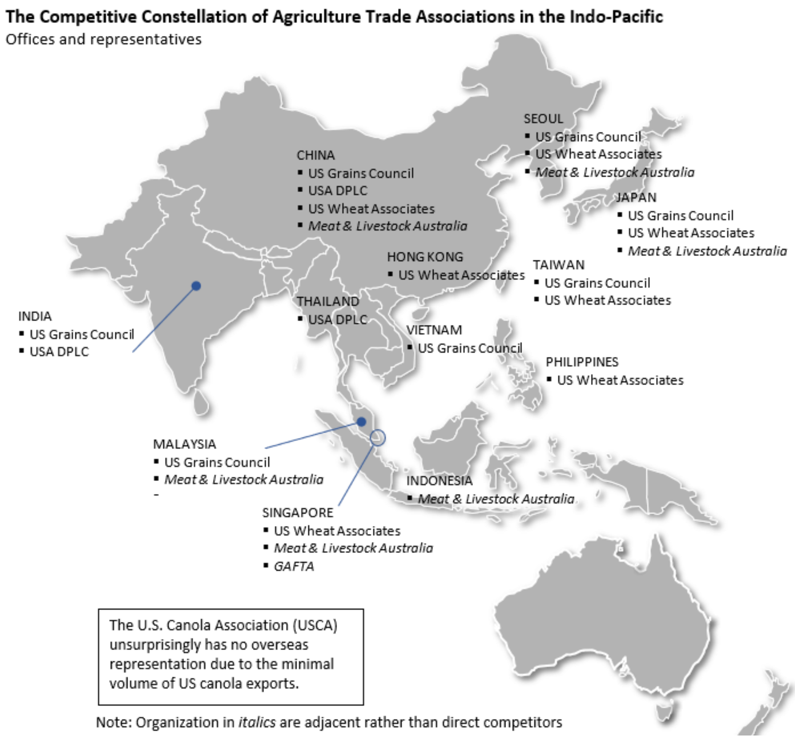
PART 3 Competitive Dynamics

Strategic intent in the Indo-Pacific region

The Indo-Pacific region is newly prioritized by the leading agricultural exporting nations, all of which have recently unveiled enhanced strategic engagement plans. The E.U. and Australia are deepening G2G engagement through the pursuit of new FTAs, while the U.S. is looking to become more defensive, leveraging access to its domestic market. Within the Indo-Pacific region, over-dependency on China is a strategic concern shared by the U.S. and Australia. Canada’s pivot to the Indo-Pacific (and away from China) is essential to maintain its market share.

Agri Associations' Organization in the Indo-Pacific

The strategic decision concerning the use and placement of agricultural trade association offices in the Indo-Pacific varies widely. Like Canada, Australia has no regional industry representation for canola, cereals, and pulses, preferring to rely on its well-staffed embassies for support and frequent engagement between Australia's agricultural associations and regional markets. Likewise, the E.U.'s fragmented national-level trade associations leave market access support to the European Commission, with agricultural trade promotion activities undertaken by Europe's individual embassies. The well-resourced and government supported U.S. Grains Council, U.S.A. Dry Pea & Lentil Council (USA DPLC) and U.S. Wheat Associates' extensive networks (see map below) showcase what is achievable with more generous government support.



Competitive Positioning in the Indo-Pacific

Lacking the geographical proximity and entrenched commercial presence of Australia, the financial resources of the E.U. and U.S. and the latter's regional networks of agriculture trade association office, Canada is generally considered to be less effective than its rivals in its market access programs and support.

Market Access Effectiveness				
	Australia	EU	USA	Canada
Highly effective	■■■	■■	■■■	-
Effective	■■	■■■	■■	■■■■
Ineffective	-	-	-	■

Source: feedback from market access stakeholders

Some observers also consider Canada to be less pragmatic than its rivals, more unwilling (and able) to negotiate reciprocal market access.

Canadian programs & services in support of agricultural exports

Canada's support services and programs are similar to those of its main rivals, including export advice and information, single-window reporting on market barriers, networking and lead generation, and marketing and communication program funding. While implementation is key, it may be that Canada could raise its game in three areas:

(1) A stronger in-region presence for G2G and business relationship development and establishing centres of excellence staffed by technical and market access specialists. A higher specialist headcount could occur directly or via support for agriculture trade associations.

(2) Enhanced market access tracking systems and analysis, including NTBs, tariff rates and trade agreement threats and opportunities, would support market access goals.

(3) Improved market access advocacy and technical (SPS) troubleshooting capacity – again typically undertaken by the government, or the government in partnership with trade associations.

Competitor programs & services in support of agricultural exports

Leveraging its own experience, the E.U. is supporting ASEAN's further economic integration through various programs that will also facilitate external trade. Australia is focused on market diversification to meet its ambitious agri-export targets and has a robust NTB action plan to help it reach them. America's USDA provides strong in-country support directly and through its agriculture trade association programs. It has developed formal mentorship, training, and technical assistance programs for scientists, researchers, and trading partner policymakers.

While the cornerstone Canadian Agricultural Policy framework earmarks AgriMarketing funding to support industry market development and market access initiatives, funding allocations have stagnated in recent years, leaving the program oversubscribed. The funding accessible to Canadian industry associations is significantly smaller than the budgets of U.S. counterpart associations, which have access to more generous programs, such as the U.S. Foreign Market Development (FMD) and Market Access Program (MAP). The Canadian government should augment its AgriMarketing program to strengthen Canadian engagement in the region and keep pace with the competition.

Trade facilitation and capacity building

While trade facilitation features in the project portfolios of various international development organizations, the objective is almost always focused on helping developing economies export more of their own agri-food products—to create jobs and support economic growth. These programs typically involve cross-cutting social development objectives, including anti-corruption and supporting youth, women, and the disadvantaged. In general, less funding is devoted to facilitating imports—although USAID and others acknowledge that export facilitation projects will likely have a positive spillover effect on import facilitation. In addition, several of the leading trade facilitation organizations work with industry partners—which could conceivably include the expertise of Canadian agriculture trade associations.

Pure import facilitation opportunities exist, such as the recently announced project to improve risk management in the import control and inspection system of Indonesia's Fish Quarantine and Inspection Agency. See profiles of trade facilitation projects led by USAID, GIZ, Global Alliance for Trade Facilitation (GATF) and others, for an assessment of current trade facilitation activities.

PART 4 Strategic Indo-Pacific Presence

Location rationale

The optimal location and distribution of agri-food market access support personnel in the Indo-Pacific is a function of internal aims and objectives (e.g., technical support, marketing), the proximate market potential (including market access), operating costs (see table below), and the existence and location of complementary resources, including those of government resources and existing trade associations.

City Cost of Living Comparisons		
Location	Index	Rank
Zurich (Switzerland)	289	1
Singapore	218	10
Vancouver (Canada)	192	27
Toronto (Canada)	187	30
Shanghai (China)	147	75
Seoul (South Korea)	146	79
Taipei (Taiwan)	128	86
Bangkok (Thailand)	115	93
Manila (Philippines)	101	107
Kuala Lumpur (Malaysia)	93	93
Jakarta (Indonesia)	84	84
Ho Chi Minh City (Vietnam)	81	81
Delhi (India)	65	65

Sources: EIU Worldwide Cost of Living Index

https://www.expatistan.com/cost-of-living/index

Optimal city locations

Multiple offices / centres of excellence in the Indo-Pacific would be ideal. Many relevant government agencies and industry associations maintain a network of offices, typically anchored at one end of the region in Beijing and the other in New Delhi. Singapore is the optimal location for a single centre of expertise covering the entire region. The city-state has a highly efficient logistics infrastructure, a high level of trade professionalism, is home to the regional HQs of many leading agri-food trading companies and is a popular regional destination to invite business partners. Alternative locations might include Jakarta, New Delhi, Ho Chi Minh City, and Dubai, among others.

Optimal presence: physical, virtual or hybrid

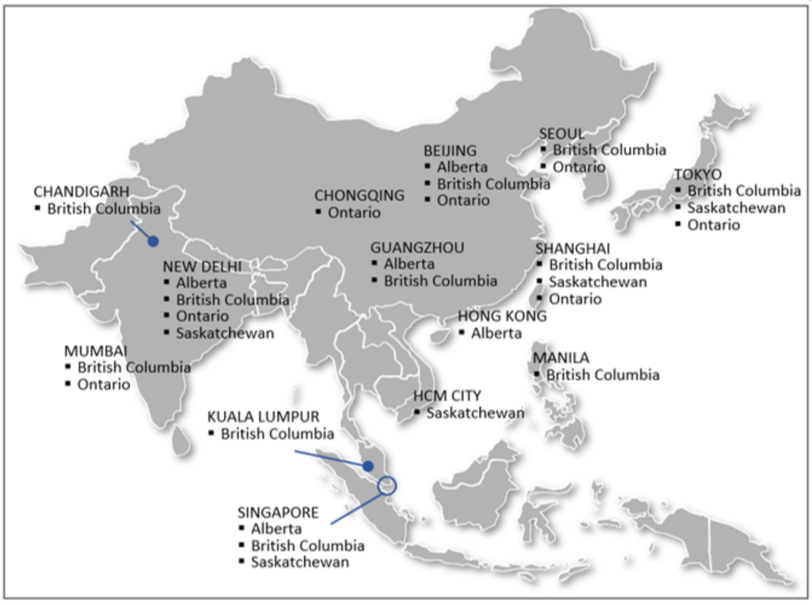
While the in-person interaction that a physical presence facilitates is widely considered essential in establishing meaningful relationships and the trust that ensues, virtual interactions will likely have an enduring role post COVID-19 pandemic (e.g., virtual audits). More specifically, the rewards of a physical presence and physical interaction include:

1. The garnering of trust and communication
2. The facilitation of deeper insight and understanding
3. Less reliance on third parties
4. The avoidance of "Zoom fatigue"
5. Deeper personal connections
6. Fuller Canadian engagement

Federal vs provincial and multi-nation cooperation

Multiple federal, provincial and trade association touchpoints and engagement can quickly get messy, with the host country confused and possibly annoyed. Moreover, there will always be differences in viewpoints and priorities. It takes time and dedication to ensure that all the relevant stakeholders are on the same page. While the Market Access Secretariat (MAS) is the coordinating body within the Canadian government for such issues, the extent of involvement by industry could probably be elevated.

Canadian Provinces' Indo-Pacific Office Locations
(Offices and representatives)



Note: excludes Quebec. Source: Intercedent Asia.

There is ample scope for more 'pre-competitive' informal (and occasionally formal) multi-nation collaboration at the industry level to combat pseudo-science NTBs. In addition, umbrella industry associations may have a bigger role to play (e.g., the Global Pulse Confederation, headquartered in Dubai). Finally, overlapping agribusiness interests in the U.S. and Canada should also facilitate cooperation.

PART 5

Strategic Recommendations

A STRONGER PRESENCE IN THE INDO-PACIFIC

The establishment of a strengthened presence in the Indo-Pacific is recommended because of the enhanced visibility and market access value-add that it would furnish. A more significant direct presence would allow Canadian agriculture stakeholders to engage more effectively with important government and private sector trading partners in the region—and in real-time. Collaboration between additional market access expertise and existing government resources will require deft management but could help concentrate resources in a vast and fragmented market. (It is worth noting that multiple sources reported that the leading Australian agricultural trade associations will soon merge.)

A deeper presence in the Indo-Pacific aligns with Canada's national Indo-Pacific diversification strategy. In addition, it would raise the profile of Canada and signal a renewed commitment to long-term relationships in the region. Currently, when a new regulation is promulgated in the Indo-Pacific, Canada might be the 5th or perhaps 6th trade partner to be notified.

TRADE SERVICES & SUPPORT

There is no magic bullet for addressing NTBs, and any strategy to address and ultimately resolve market access barriers is likely to be multi-faceted. Engagement with industry should always be backed by government diplomacy, and the support of the Trade Commissioner Service (TCS) and other government agencies is vital. Local government officials—especially in China and India—are not as amenable to meeting with foreign industry representatives as they once were. Hence, the need for deeper government support and engagement.

<table>
<tr><th colspan="4">Market Access Support & Services</th></tr>
<tr><td colspan="4">MISSION: Reducing barriers to trade by ensuring continued market access in the Indo-Pacific</td></tr>
<tr>
<td>Advocacy
▪ Proactively promote Canada's trade priorities and positions in the Indo-Pacific
▪ Support any 'like-minded' governments to reverse adverse local policy settings</td>
<td>Intelligence & Analysis
▪ Provide informed analysis and support to government agencies and partner businesses</td>
<td>Support
▪ Provide sustained technical and operational support to industry to address trade issues as they arise and shape policies to maintain and enhance future trade</td>
<td>Communication
▪ Ensure industry has transparent and open mechanisms for providing input into and receiving feedback on market access
▪ Create a collaborative and shared commitment among stakeholders</td>
</tr>
<tr><td colspan="4">Strategies & Tactics</td></tr>
<tr>
<td>▪ Become a trusted knowledge partner for cereals, canola, pulses
▪ Cultivate relationships with government, importers, and importer associations
▪ Organize delegations of importers to the home market to educate them on new varieties.</td>
<td>▪ Identify, articulate, and monitor technical trade barriers
▪ Undertake in-region research /white papers to counter non-scientific rationales</td>
<td>▪ Provide additional technical and regulatory capacity-building support to trade partners
▪ Identify a suitable market access related cause to champion
▪ Work with trade associations to enhance NTB triage</td>
<td>▪ Communicate the value of agri-trade and need for market access
▪ Encourage direct engagement by industry in Canada
▪ Engage with and influence trade negotiations, regional initiatives, and other market access initiatives</td>
</tr>
<tr><td colspan="4">Outcomes</td></tr>
<tr><td colspan="4">1. Respected/sought after by regional industry partners and governments for advice on trade and market access issues
2. Recognized for proactive engagement, technical expertise
3. Ultimately, a more open and facilitative trade environment for Canadian canola, cereals and pulses.</td></tr>
</table>

The following are some specific recommendations across the four pillars of advocacy, intelligence and analysis, support and communication.

ADVOCACY

Become a centre of excellence / trusted knowledge partner

Canada should strive to be a 'trusted knowledge partner' in key areas of expertise. Connecting crop luminaries and relevant experts from Canada's academic institutions and collaborating with their Indo-Pacific counterparts would help cement such a reputation. Regulatory and technical capacity building is a critical best practice, and Canada could do more to emulate its rivals, especially in the markets that would most welcome such support. Capacity building will help Canada get ahead of technical issues—always advisable for fast response on various topics, such as production system issues, certification, and weed and chemical contaminants. Trade associations are well placed to educate importers and local industry associations on market access issues.

Focus on risk management

One area in which Indo-Pacific countries need help is risk management, meaning something less than 100% inspection of containers. Oftentimes this requires a deep understanding of domain issues (e.g., who is in charge) and IT legacy issues. Again, working with SPS authorities in key markets would be very helpful.

Develop product education

Trade associations in partnership with government agencies often take the lead on product education. It is useful to educate the local markets about the various products, nutritional values, and potential applications in the local context.

Explore opportunities for joint advocacy

While Canada competes with the other major crop exporting countries, it occasionally compares notes on market access issues and engages in joint advocacy (e.g., on Indonesia's 2019 Halal Law). However, there is ample scope for more such market collaboration between the major crop exporting nations.

Restart Government trade missions

High-level G2G advocacy is essential for the signals it provides. Post-COVID-19, renewed engagement at a senior level is warranted—even if such high-level delegations "are painful to organize."

INTELLIGENCE & ANALYSIS

Gathering and making sense of market intelligence are key market access and business development functions. Currently, "the Canadian government can only do so much." Industry associations can act as the intelligence-gathering validation partners to their governments, which may be distracted by their own plans and priorities. Trade associations

that work daily with importers and exporters can quickly pick up on market access changes and suggest appropriate responses.

Develop processes for logging and monitoring agri-NTBs

Canada could usefully develop a process for the logging and monitoring of relevant NTBs across the region or globally. Having a repository of NTBs, including pending ones, can prove very useful if this means they can be acted upon swiftly. It is always better to challenge the local government on the implementation of unreasonable NTBs before they are implemented. However, this would require significant resources due to the sudden and unpredictable nature of sometimes complex NTBs.

Market access performance measurement

Beyond a binary framework (a barrier has or has not been alleviated), establishing NTB mitigation performance metrics is notoriously difficult. Addressing market access issues is often a matter of developing long-term relationships—sometimes without a specific outcome in mind. The aim is to lay the groundwork, then wait for the opportunity to surface, at which point the relationship can make all the difference (for example, when Indonesia decided it wanted to be more self-sufficient in flour production). If a complete resolution is not a realistic outcome, then it is more a question of identifying indicators that suggest movement in the right direction towards resolution.

Understand the priorities of local markets

Being a long-term trading partner in the Indo-Pacific requires detailed knowledge of local demand characteristics and related product attributes. The U.S. and Australia are experts in this facet of market intelligence in countries like the Philippines and Indonesia. Besides the obvious win-win maxim, Canada should not overly focus on their product benefits (e.g., nutrition) but rather seek ways in which to help build the capacity of local end-user businesses (e.g., through digitalization). Food safety and security are increasingly important issues amid rising economic nationalism in the Indo-Pacific. Lifting processed agri-food exports is another shared priority. Attention to these imperatives is a must.

SUPPORT

Address market access issues speedily

Canada's embassies provide excellent support, but its trade commissioners are not market access technical specialists. Exporters and importers that confront issues on the ground need rapid response and action. Some of them complain of a 5-business day response time after submission to Canada's MAS (although others give it high marks for its responsiveness).

Provide technical capacity-building support

An enduring lack of technical capacity in some developing countries is the cause of many unnecessary trade impediments. Important technical capacity work is already undertaken by agencies such as CFIA and AAFC. Still, much more could be done, especially in locations where these organizations do not have a significant presence. Ideally, Canada should develop a reputation as a centre of expertise concerning such market access issues. Technical capacity building locally is needed but not always appreciated; the best programs can be stymied by a lack of local buy-in and may require sensitive positioning.

Champion a cause

Championing a cause requires time and effort to understand on-the-ground needs and get to know the people and organizations affected. Identifying and developing a specific initiative would crystallize trade partners' understanding of the value of Canada's expertise and help differentiate it from the competition. For example, Australia is working on harmonizing Maximum Residue Levels (MRLs) at the ASEAN level. The initiative, which started two years ago, will take a while to get all stakeholders on board. The E.U. is helping ASEAN advance its economic integration, and the U.S. focuses on academic/technical exchanges and specific issues of key importance to local communities (e.g., crop insurance in India).

COMMUNICATION

The communication of new regulations and restrictions is a key aspect of market support services using bulletins, white papers, and other channels for outreach with local trade partners, advocates and facilitators.

Facilitate private sector outreach

Canadian private sector outreach to potential partners in the region should be strongly encouraged. Previously in Canada this aspect was overlooked resulting in lost commercial opportunities with agtech start-ups, importers, and trading companies. These types of relationships can and have led to direct investment in Canada.

> *"Canada should create compelling events and promotions and get the private sector to heavily sponsor to engage Asian partners."* (ex-Cargill, USCBC)

Undertake mediation

Trade associations, working with the Canadian government, could intercede to mediate between the immediate resolution demanded by importers and the promises of solutions by the Canadian government. Crop associations may also have a role to play in mediating disputes between importers/traders and Canadian suppliers. Perhaps wishful thinking, but trading companies suggested

that it may be beneficial if trade associations intervene with shipping companies—shipping capacity/availability and pricing being major trade issues.

Leverage FTA progress

Communications programs could leverage ongoing trade negotiations such as the Canada-ASEAN FTA and the Comprehensive Economic Partnership Agreement (CEPA) with Indonesia.

Trade facilitation

Trade facilitation programs could be tailored to make a more meaningful contribution to trade flows and provide a new value-add to relationship-building efforts. From a trade facilitation perspective, countries can be divided into those that (a) can implement immediately, (b) need more time, and (c) need more time and technical support.

Amplifying the Canada brand

Raising the agri-food Canada brand presence/visibility would be advantageous. The Canadian national brand is strong and viewed positively by most of the region's population. People recognize that Canadian products are of high quality, safe and reliable, but the lack of Canadian products on Indo-Pacific shelves undercuts the message.

IN-REGION CENTRE OF EXCELLENCE

In an ideal world, the Government of Canada would deploy agricultural market access and technical specialists to each of the key Indo-Pacific import markets. However, financial constraints may mean that a single regional centre of excellence is the more feasible solution.

ASEAN (Singapore) is a leading candidate

In high-growth ASEAN, temperate crops are not grown locally and have limited local substitutes. Several countries in the economic grouping require capacity building and are perhaps more open to persuasion. Within ASEAN, Singapore appears to be the logical choice for the reasons explained above, but it is by no means the only option.

Leverage virtual tools

While in-person relationship building is essential, online video conferencing plays a key role in certain circumstances, including sustaining—but not initiating—relationships, site inspections, and remotely deploying specialized personnel that cannot be located in the region.

> *"Crop experts in country would be expensive to maintain. It may be better to have cadre of experts available virtually. Zoom and Teams calls are manageable, with technical people brought in as needed."* (ex-Cargill, USCBC)

Consider personnel requirements carefully

Strong leadership and relationship-building experience are highly desirable traits of any new human resource capacity in-region. One experienced U.S. trade association emphasized the importance of personality type:

> *"Whenever we set up in a new location, we look to hire a local with the right personality to be able to establish rapport with key importer associations. Forget digital marketing skills."*

Above all, technical acumen is essential:

"It is vital to have expertise somewhere in the equation. There is nothing stronger or more effective than having someone who can talk science and counter pseudo-science phytosanitary barriers. The U.S. makes sure that agronomists are placed in the key markets." (USMEF)

Having key staff in post for a significant duration could be another important differentiator. The U.S. is said to invest in activities that will reap gains in 10 years or more and boasts of inter-generational relationships through its trade associations. Local presence should always include people with a marketing and sales focus. Trade barriers are only one part of the equation that needs addressing.

SERVICE & PROGRAM GAP ANALYSIS

KEY PRINCIPLES FOR BETTER MARKET ACCESS

○ **Build Canada's Frontline Expertise and Capability**

Canada's Indo-Pacific support networks, including trade commissioners, technical experts (e.g., CFIA) and other trade diplomats would be substantially reinforced by the addition of a specialised centre of excellence in the region, equipped with the tools and insight to identify and address trade barriers and enable rapid access to a more comprehensive support package.

○ **Make it easier to report market access issues**

Mapping the many ways that unjustified trade rules are flagged would be a practical first step before matching these to appropriate levels of resources and services, including those provided by the government. This exercise could include the development of a new online trade barrier gateway to allow businesses to voluntarily and confidentially report such concerns. This gateway could enhance government and industry reporting, complementing other existing mechanisms.

○ **Triage, coordinate and track NTBs**

Enhanced systems to triage, coordinate and escalate the response to NTBs, integrated into the existing trade barrier coordination processes, and drawing on other support networks in the region would be valuable. This may require the development of case management systems to register and track action on trade barriers, coordinate with business and ensure the appropriate organizations are involved.

Monitoring progress and regular reporting to the business community and other partners would be required.

SUPPORT SERVICE & PROGRAMS

The scope of Canada's support services and programs is similar to those of its main rivals: providing timely export advice and information, single-window reporting of market barriers, networking and lead generation, and marketing and communications funding. However, the level of Canada's support and funding falls short of that of its main rivals. Canada could improve in three ways:

(1) Bolster in-market presence for relationship development, including through the stationing of more market access specialists in the region—stationed for a minimum of four years, preferably even longer. Canada's long-distance fly-in support suggests less frequency, lower intensity, and a thinner depth of relationship, one that is more susceptible to COVID-19 types of disruption.

(2) Market access advocacy and NTB firefighting require close relationships with influencers in host governments. These activities are usually led by the government, or the government in partnership with trade associations.

(3) A market access watchlist, including NTBs, tariffs, and trade agreement threats and opportunities, would help manage market access. Canada and its competitors all have reporting systems in place. For example, Australia's trade barrier reporting portal "provides businesses better access, transparency and collaboration with the Australian government." DFAT emphasized the importance of including industry in an advisory council, raising the concerns and issues of their members. Similarly, since its launch in November 2020, the E.U.'s single entry point "has made a real difference in how the Commission works on these issues".